

Message Text

CONFIDENTIAL

PAGE 01 ABU DH 00899 071058Z

44

ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 /084 W

----- 089715

R 071022Z APR 76

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 4162

INFO AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY DOHA

AMEMBASSY AMMAN

AMEMBASSY DAMASCUS

AMEMBASSY TEL AVIV

CONFIDENTIAL ABU DHABI 0899

E.O. 11652: GDS

TAGS : EAID, TC, EG

SUBJECT : ARAB FUND FOR EGYPT

1. DURING CALL ON MUHAMMAD HABROUSH APRIL 7 I QUERIED HIM ABOUT PENINSULA STATES MEETINGS, AT WHICH HE REPRESENTED UAE, TO DISCUSS LONG-TERM ASSISTANCE FOR EGYPT.

2. HABROUSH SAID GROUP HAD DECIDED TO ESTABLISH 2 BILLION DOLLAR FUND TO SUPPORT EGYPT'S NEW 5-YEAR DEVELOPMENT PLAN. MONEY WOULD BE DISBURSED OVER FIVE-YEAR PERIOD AND WOULD BE DIVIDED BETWEEN BUYVET SUPPORT, PROJECT ASSISTANCE, AND PROJECT INVESTMENT (HABROUSH BELIEVED LAST CATEGORY WOULD BE SMALL PART OF WHOLE). EXACT BREAKDOWN BETWEEN THESE CATEGORIES WOULD AWAIT STUDY OF EGYPT'S DETAILED 5-YEAR PLAN, WHICH EGYPTIAN FINANCE MINISTER SAID WOULD BE READY FOR PRESENTATION TO FUND MEMBERS IN SEPTEMBER.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ABU DH 00899 071058Z

3. HABROUSH SAID CONTRIBUTIONS TO FUND HAD IN HIS JUDGMENT BEEN FAIRLY ALLOCATED ACCORDING TO MEMBERS RESOURCES. SAUDI ARABIA WOULD CONTRIBUTE 40 PER CENT; KUWAIT 35 PER CENT; UAE 15 PERCENT; QATAR 10 PER CENT. SPREAD OVER 5-YEAR PERIOD BURDEN IN HABROUSH'S OPINION WOULD BE REASONABLE: IN CASE OF UAE, \$60 MILLION PER YEAR.

4. HABROUSH SAID LEFT TO THEMSELVES EGYPTIANS WOULD OF COURSE TRY TO APPLY AS MUCH OF MONEY AS POSSIBLE TO BUDGET ASSISTANCE. FUND CONTRIBUTORS WOULD HAVE TO KEEP PRESSURE ON TO SEE THAT REASONABLE IF NOT LION'S SHARE OF \$2 BILLION WOULD GO INTO CAPITAL DEVELOPMENT. HABROUSH SAID THIS ASSISTANCE WOULD NOT BE SOLUTION TO EGYPT'S PROBLEMS, WHICH COULD ONLY BE SOLVED BY DETERMINED ACTION ON PART OF EGYPT'S LEADERS. EGYPT HAD BEEN ON WRONG ECONOMIC PATH FOR 20 YEARS NOW AND WHILE SOLUTION WAS NOT TO GO BACK TO OLD DAYS, SOME VERY STRONG CORRECTIVE ACTION WAS NOW REQUIRED BY GOE IF COUNTRY WAS NOT TO SINK FURTHER ECONOMICALLY. HABROUSH SAID THAT DURING MEET-'8,& IN SAUDI ARABIA EGYPTIAN MINFIN HAD REPEATEDLY URGED GROUP NOT TO GET TOO CONCERNED ABOUT "DETAILS" OF EGYPT'S DOMESTIC ECONOMIC PROBLEMS WHICH ONLY EGYPTIANS KNEW HOW TO COPE WITH. HABROUSH SAID AS FAR AS HE WAS CONCERNED FUND WOULD HAVE TO GET INTO THESE PROBLEMS, AND WOULD HAVE TO GIVE SOME STRONG ADVISE UNLESS DONOR STATES WERE CONTENT TO SEE THEIR MONEY GO DOWN THE DRAIN.

5. HABROUSH SAID AS REALIST HE COULD NOT HELP BEING GLOOMY ABOUT EGYPT'S LONG-TERM ECONOMIC PROSPECTS, BUT CONSEQUENCES OF EGYPTIAN ECONOMIC COLLAPSE WOULD BE GRAVE FOR ENTIRE MIDDLE EAST, GULF STATES INCLUDED, AND FOR THIS REASON HE SAW SUPPORT OF EGYPT AS POLITICAL NECESSITY. I SAID I AGREED WITH THIS LINE OF THINKING, AND INDEED IT WAS BASIS FOR MY OWN GOVERNMENT'S MASSIVE PROGRAM OF SUPPORT FOR SADAT. I SAID NO DOUBT PRESSURE HAD TO BE KEPT ON EGYPTIANS TO USE ASSISTANCE IN MANNER THAT WOULD LEAD TO REAL ECONOMIC GROWTH BUT PRESSURES SHOULD BE APPLIED WITHOUT LOSING SIGHT OF BROADER POLITICAL INTEREST WHICH WE ALL SHARED IN KEEPING EGYPT AFLOAT.

STERNER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVELOPMENT PROGRAMS, FOREIGN ASSISTANCE, FIVE YEAR PLAN
Control Number: n/a
Copy: SINGLE
Draft Date: 07 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchant0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ABUDH00899
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760131-0166
From: ABU DHABI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760490/aaaacylt.tel
Line Count: 99
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUN 2004 by BoyleJA>; APPROVED <07 OCT 2004 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: : ARAB FUND FOR EGYPT
TAGS: EAID, TC, EG, ARAB FUND
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006